

MISIL/FY-MI(1)/2018

February 26, 2018

The General Manager

Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

By Courier & PUCAR

MATERIAL INFORMATION

Dear Sir,

We are pleased to inform you that the Board of Directors of **Mughal Iron & Steel Industries Limited** in their meeting held on February 26, 2018 at 10:00 am at 31-A Shadman 1, Lahore, has approved amendments to its existing expansion plan along with approval of Phase II for the said plan. The said plan is attached herewith as **“ANNEXURE-A”**.

A disclosure form as required under SRO 143(1)/2012 dated December 05, 2012 read with Sections 96 and 131 of Securities Act, 2015 in relation to above inside information is also attached herewith as **“ANNEXURE –B”**.

Yours Sincerely,

for & on behalf of the Board of
MUGHAL IRON & STEEL INDUSTRIES LIMITED



MUHAMMAD FAHAD HAFEEZ
(Company Secretary)



CC: The Director / HOD

(Surveillance, Supervision and Enforcement Department),
Securities & Exchange Commission of Pakistan,
Islamabad.

“ANNEXURE – A”

EXPANSION PLAN

APPROVAL OF PHASE II

- a) Since, grid load has been enhanced from 19.99 MW to 59.99 MW resulting in availability of electricity load, and in order to align the melting capacity with upcoming re-rolling demand, the Board of Directors has approved the capital expenditure for increase in melting capacity by 396,000 MT at a cost of Rs. 500.000 million approximately. This will enable “Hot / Direct rolling” for BMR of Bar mill project and provide additional melting capacity for existing girder re-rolling mill. The increased melting capacity will reduce reliance on local outsourced billet, ensure competitiveness, sustainability of operations and eventually result in improved margins.
- b) The Board of Directors has approved capital expenditure, for the installation of CCM and shearing machine in respect of “Hot / Direct rolling” project at an aggregate cost of Rs. 470.000 million approximately.
- c) The Board of Directors has approved further capital expenditure, for the installation of water treatment plant, roughing area and induction heater, for the BMR of bar mill project at an aggregate cost of Rs. 900.000 million approximately.
- d) The Board of Directors has approved capital expenditure amounting to Rs. 400.000 million in respect of related civil works required for the projects under both Phases.
- e) The Board of Director has approved financing of capital expenditure under Phase II by way of long- term debt. Phase II is expected to be completed by 4th Quarter of calendar year 2018.

AMENDMENTS IN EXISTING PLAN

The board has approved the following:

- a) The Board of Directors in their meeting held on March 15, 2017 had approved BMR of bar mill. The total cost of the project at that time was estimated at Rs. 1,250 million inclusive of duties and taxes. The above project was to be financed partly by equity and partly by internal resources. The equity part amounted to Rs. 758 million while the remaining Rs. 492 million along with any escalation in project cost was to be financed internally. However, due to exchange rate fluctuations, the project cost has increased to Rs. 1,586 million approximately, resulting in increase in amount to be financed internally from Rs. 492 million to Rs. 828 million approximately. The Board of Directors has approved to finance the Rs. 829 million portion of revised project cost along with any further cost escalations by way of long-term financing rather than through internal resources. Further, due to approval of Phase II, the commercial operations of upcoming BMR of bar mill project have been postponed to 4th Quarter of calendar year 2018.

The timeline for completion of above projects will be subject to financial closures.

“ANNEXURE – B”

DISCLOSURE FORM

IN TERMS OF SECTIONS 96 AND 131 OF THE SECURITIES ACT, 2015

Name of Company:	Mughal Iron & Steel Industries Limited
Date of Report:	February 26, 2018
Contact information:	Muhammad Fahad Hafeez Company secretary 31-A Shadman 1, Lahore Contact No. 042-35960841 (155) Fax No. 042-35960846 Email: fahadhafiez@mughalsteel.com

Disclosure of inside information by listed company

Public disclosure of inside information, which directly concerns the listed securities:

1. We are pleased to inform you that the Board of Directors of **Mughal Iron & Steel Industries Limited** in their meeting held on February 26, 2018 at 10:00 am at 31-A Shadman 1, Lahore, has approved amendments to its existing expansion plan along with approval of Phase II for the said plan. The said plan is attached herewith as “**ANNEXURE-A**”.

SIGNATURES

In case of company pursuant to the requirements of the securities Exchange Ordinance 1969 (XVII), the Company has duly caused this form / statement to be signed / on its behalf by the undersigned hereunto duly authorized.


Muhammad Fahad Hafeez
(Company Secretary)



Dated: February 26, 2018